



Director of
Central
Intelligence

Top Secret



*OCO
CABLE Ed.*

25X1

National Intelligence Daily (Cable)

10 July 1982

Top Secret

CPAS NIDC 82-160C

10 July 1982

Copy 402

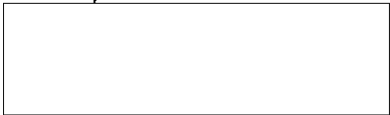
25X1

Approved For Release 2007/09/13 : CIA-RDP84T00301R000400010098-6

Page Denied

Approved For Release 2007/09/13 : CIA-RDP84T00301R000400010098-6

Top Secret



25X1

Contents

Israel-Lebanon: *Hostilities Increase* 1

Iran-Iraq: *Poised for an Invasion* 4

Turkey: *Constitutional Proposals* 5

Israel - Arab States: *Gaza Major Dismissed* 6

EC - Middle East: *Continuing a Cautious Policy* 6

Japan: *Prospects for Defense Budget* 7

International: *Copper Exporters Meet* 7

Special Analysis

Honduras-US: *President Suazo's Visit* 8



Top Secret



25X1

25X1

Top Secret

25X1

ISRAEL-LEBANON: Hostilities Increase

(Information as of 2300 EDT)

Fighting between Israeli and Palestinian forces in the southern suburbs of Beirut intensified yesterday as Israeli ground and naval batteries reportedly conducted the heaviest bombardment of West Beirut in several days. []

25X1

25X1

//The Lebanese Army took control of the Galerie Semaan crossing yesterday []

[] Israeli forces are deployed less than a kilometer east of the crossing.// []

25X1

25X1

25X1

Israel's Deputy Chief of Staff told the media yesterday that Israeli forces were preparing for a long stay in Lebanon--through September and possibly through winter. He also reported the latest figures on Israeli casualties in the war as 281 killed, 1,570 wounded, and 11 missing in action. []

25X1

//According to Beirut radio, Syrian forces in the Bekaa Valley are reinforcing their positions with large quantities of ammunition and weapons. []

25X1

25X1

the Palestinian presence in the Bekaa Valley, on the other hand, is somewhat heavier than a week ago.// []

25X1

25X1

--continued

Top Secret

25X1

25X1

Top Secret

25X1

25X1

Comment: The intense Israeli shelling of West Beirut probably is intended to put pressure on the Palestinians to accept Israeli terms for a negotiated withdrawal.

25X1

Israel appears to be strengthening its position in the Bekaa Valley, perhaps in anticipation of an extended stay. Given the apparent Syrian reinforcements, Tel Aviv also may be preparing for an attack on Syrian surface-to-air missile batteries if fighting breaks out again.

25X1

25X1

Syrian Press Statement

Damascus radio yesterday quoted an unnamed official spokesman as saying that Palestinian "fighters" in Lebanon could not be transferred to Syria under "present circumstances."

25X1

Comment: This is the first public Syrian statement on the proposed evacuation of the PLO from Lebanon to Syria. By stressing that "fighters" could not be transferred, the statement appears to leave open the question of whether or not the PLO leadership could move to Damascus.

25X1

--continued

Top Secret

25X1

Top Secret

25X1

Housing Needs

Minister for Economics Meridor, the Israeli official coordinating relief efforts in Lebanon, reportedly has told the head of the UN Relief and Rehabilitation Survey Team that the main category of homeless are the Palestinians. He said an unspecified number of housing developments of about 200 units each would allow the integration of the Palestinians into the communities in which they live. []

25X1

Meridor also said there are 20,000 families in need of housing. He asked the UN and foreign governments to direct their assistance to housing. []

25X1

Comment: The Israeli Government has made it clear that it does not want Palestinian refugee camps reestablished because it believes camps would perpetuate the refugee problem. The Israelis have already singled out Catholic Relief Services as the voluntary agency that should be involved in housing reconstruction. []

25X1

In addition to the political and social problems involved in dispersing the Palestinians among Lebanese communities, financing will be a major difficulty. []

25X1

25X1

Top Secret

25X1

Top Secret

25X1

IRAN-IRAQ: Poised for an Invasion

Iranian preparations to invade Iraq appear complete, and attacks could begin as early as this weekend.

25X1

25X1

Comment: Iran could time its attack to coincide with the anniversary of the martyrdom of Ali, the most important personality in Shia Islam after Mohammad. The anniversary begins today and ends on Tuesday.

25X1

About 200,000 troops will be involved in the impending battle, making it the biggest of the war. Iranian forces will attack along the entire border northeast of Al Basrah, but two main thrusts are likely. An Iranian armored division probably will try to penetrate the weak point in Iraqi lines, while other Iranian units drive along the Shatt al Arab to cut off Iraqi units farther north.

25X1

The Iraqis will be fighting for the first time on their own territory and may fight harder than they did in Iran. Iraq's physical defenses are stronger and the concentration of its regular units greater than at any time in the war. Nonetheless, an Iranian breakthrough early in the battle could lead to a rout.

25X1

25X1

Top Secret

25X1

Top Secret

TURKEY: Constitutional Proposals

The new draft constitution will prompt intense political debate. []

[] the draft--due to be published over the weekend--will include many of the rights and judicial powers listed in the liberal constitution of 1961. New features will be a unicameral parliament, a "Republican Council" of 40 or more persons to advise the president and enhanced powers for the president. []

The assembly will debate the proposals during August and September. The draft will then have to be endorsed by the ruling National Security Council, which is composed of Head of State General Evren and the four service chiefs. []

In a recent speech Evren reaffirmed that a constitution would be submitted to popular referendum in November. The press has speculated that the first president may be elected by direct vote simultaneously with the referendum. []

Comment: The military has guided the formulation of the draft and may make additional minor changes. Nevertheless, the presentation of the draft and the prospective debate mark a crucial step in the generals' schedule of gradual return to democracy. The move may help mitigate the efforts of five West European governments to follow through on formal charges against Turkey before the European Human Rights Commission. []

The next steps after the referendum, all of which will be closely monitored by the National Security Council, include the drafting of election and political party laws next spring, the formation of new political parties, and parliamentary elections, perhaps as early as the fall of 1983. []

General Evren, who is widely respected both within the military and among the public, is the logical choice to become the next president. He has publicly disclaimed any interest in the post. []

Top Secret

Top Secret

25X1

ISRAEL - ARAB STATES: Gaza Mayor Dismissed

The Israelis yesterday ousted Gaza Mayor Shawwa, ostensibly for refusing to cooperate with the Israeli civil administration. [REDACTED]

25X1

Comment: Shawwa, a well-respected, pragmatic politician who was frequently at odds with the PLO, was one of the few leaders in the West Bank and Gaza who met regularly with US officials. Although he rejected the Camp David accords and refused to join the autonomy talks, he had privately expressed interest in the process. The Israeli decision to dismiss Shawwa apparently indicates that Tel Aviv now has abandoned any pretense of attempting to lure established moderate Arabs into the autonomy process. [REDACTED]

25X1

EC - MIDDLE EAST: Continuing a Cautious Policy

//The EC's Middle East Working Group agreed this week that the Ten could undertake no useful actions at this time concerning Lebanon. It recommended that the EC consult closely with the US on Middle East issues and pay special attention to the preferences of Egypt and to the Venice Declaration of 1980, which called for Palestinian self-determination.// [REDACTED]

25X1

Comment: //The group's discussions, combined with those at the EC summit last month, indicate the EC will pursue a cautious policy on the Middle East despite its displeasure over the Israeli invasion. The West Europeans probably have concluded that, because they have little influence over Tel Aviv, their best course is to support US mediation efforts. The West Germans, in particular, oppose any new EC initiative at this stage. They argue that Western Europe should support more practical diplomatic efforts, possibly using the Camp David accords as a starting point.// [REDACTED]

25X1

Top Secret

25X1

Top Secret

25X1

JAPAN: Prospects for Defense Budget

The increase in Japanese defense spending next year probably will not be much higher than the 7.3-percent preliminary ceiling the cabinet approved yesterday. This would be less than the increase of 7.75 percent last year but substantially more than the increase in most other sectors of the budget. The growth in budget outlays in fiscal 1983, which begins next April, will be held to roughly 1.5 percent. [REDACTED]

25X1

Comment: The defense budget will not be finally set until late this year, and Prime Minister Suzuki may be willing to overrule the Finance Ministry and adjust the ceiling somewhat higher, as he did at the end of the last budget cycle. Nonetheless, in view of Suzuki's commitment to fiscal austerity, any increase is likely to be slight. The size of the increment will depend on Tokyo's reading of the attitude in Washington, which Japan will test at the annual security consultations in August and during the visit to the US by the head of the Defense Agency in September. [REDACTED]

25X1

25X1

INTERNATIONAL: Copper Exporters Meet

The Intergovernmental Council of Copper Exporting Countries meets in Lima today to consider establishing a producer price above the current world market price of 55-65 cents per pound. In real terms this price is the lowest in 30 years, and most producers are losing money. Council members include the most important Third World producers--Chile, Zambia, Zaire and Peru--but not the US, the USSR or Canada, which produce almost half of the world's copper. [REDACTED]

25X1

Comment: The Council may be able to raise prices slightly because copper fabricators have reduced their inventories and are buying copper as needed to fill orders. Any attempt to raise prices substantially, however, is likely to be opposed by Chile, which favors a free market, and by Zambia and Zaire, which would be reluctant to withhold production and possibly reduce export earnings. Higher prices, moreover, might lead US and Canadian companies to reopen recently closed mines, preventing the cartel from controlling prices. [REDACTED]

25X1

25X1

Top Secret

25X1

Top Secret

25X1

SPECIAL ANALYSIS

HONDURAS-US: President Suazo's Visit

25X1

//The government of President Suazo, who visits Washington next week, is providing Honduras with its most competent leadership in years. Its strongly pro-US orientation and its firm response to increasingly violent forces in Central America, however, have made the country a target for Cuban- and Nicaraguan-backed subversion. The chief elements of this threat--increased domestic terrorism, Nicaragua's military buildup and aggressive posture, and the potential revolutionary spillover from El Salvador--will be high on Suazo's agenda. Honduras also faces serious economic problems, and Suazo wants to return home with a US economic and military aid package.//

25X1

//Until recently, Cuba and Nicaragua had been willing to forgo immediate efforts to promote subversion in Honduras, while attempting to cajole or intimidate the government into adopting a neutral stance toward Nicaragua and the conflict in El Salvador. In response to the Suazo administration's tough anti-Communist stance, however, the Cubans and revolutionary forces in the region have become more aggressive.//

25X1

//Efforts to unify Honduran leftist elements and prepare them for armed struggle have increased. Terrorist activities also are on the rise. Last week, for example, a new action arm of the Salvadoran guerrilla front bombed Tegucigalpa's major power plants and the Costa Rican offices of Honduras's airline in retaliation for Honduran military support of Salvadoran forces fighting guerrillas along the common border.//

25X1

//Popular satisfaction with the return to civilian rule will complicate efforts by Havana and Managua to unify Honduran Communist groups. The rapid passage recently of an antiterrorist law underscores growing public

--continued

Top Secret

25X1

Top Secret

concern over the increased terrorism. This concern will be compounded as a result of the hardship suffered by the 500,000 residents who lost electric or water service following the latest bombing in the capital.//

//Both civilian and military leaders agree, nevertheless, that economic problems could threaten social and political stability and benefit the left.//

//Honduran leaders also are worried about Nicaragua's military buildup, including the expected acquisition of MIG fighter aircraft that would offset Honduras's regional air superiority. This buildup is intended in part to force Tegucigalpa to restrict anti-Sandinista units based in Honduras and perhaps eventually to enable direct strikes against their bases.//

The Military Aid Issue

//Nicaragua's military predominance has heightened the government's sense of vulnerability and contributed to the disappointment over what Honduran leaders view as an inadequate US response to the country's military needs. Commander in Chief Alvarez contrasts the delayed deliveries and cost of US military assistance with the substantial flow of free Cuban and Soviet military aid to Nicaragua. He is especially disgruntled because of the role he has played in ensuring the US emergency access rights to Honduran airfields.//

//The government lacks the resources to buy arms on the open market, and a turn to non-Western sources may be its only alternative to US military assistance. This option appears unlikely for now because it might entail shifts in foreign policy or other unpalatable commitments. Nevertheless, in the absence of increased US backing, Honduras may begin shifting toward a more neutral stance in the region.//

Domestic Performance

//After six months in office, the civilian government has established excellent relations with the military, which initially worried that the ruling Liberal

--continued

Top Secret

Top Secret

25X1

would threaten its interests. Senior military officers are now only concerned about Foreign Minister Paz Barnica, whom they suspect may harbor pro-Sandinista sympathies.//

25X1

//Suazo has gone out of his way to back Alvarez. The President firmly endorsed Alvarez's recent promotion to Brigadier General despite strong opposition from some key officers. Suazo's acceptance of the dominance of the armed forces in the newly created National Security Council reflects his sensitivity to the military's desire to continue to play a major role in foreign policy and defense matters.//

25X1

//While deeply committed to social progress, the Suazo administration has realistically supported fiscal austerity and the development of programs to deal with the country's economic problems. Economic growth is unlikely to show any improvement over the dismal performance in 1981. As a result, Suazo and Alvarez hope for additional US economic support.//

25X1

//Honduras will seek short-term aid to replace electric generators and to assist the victims of recent heavy flood damage in the south. The government also wants balance-of-payments support and relief from the recently imposed US sugar quotas.//

25X1

Top Secret

25X1

Top Secret

Top Secret